

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 STR-04 AID-05 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 OMB-01 /089 W

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R 161926Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1307

INFO AMEMBASSY BONN

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AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: FO CONSIDERS UNEMPLOYMENT SITUATION SERIOUS

1. SUMMARY: IN COURSE OF A PRESS CONFERENCE 15 JULY DEALING WITH QUESTION OF UNEMPLOYMENT, ANDRE BERGERON, FO SEC GEN, SAID THAT HE AND HIS COLLEAGUES CONSIDER THE SITUATION "VERY SERIOUS" AND SOLEMNLY PUT GOV ON NOTICE AGAINST SOCIAL AND POLITICAL CONSEQUENCES IF PRESENT DANGEROUS WAIT-AND-SEE ATTITUDE IS PROLONGED. HE WENT ON TO REPLY INDIRECTLY TO GISCARD'S LAST TV CHAT BY CONTENDING THAT IT IS AN ILLUSION TO BELIEVE THAT A QUICK ECONOMIC RECOVERY CAN COME ABOUT THROUGH IMPROVEMENTS IN FOREIGN ECONOMIES. END SUMMARY.

2. BERGERON BASED HIS CONCERN ABOUT THE SITUATION NOT AS MUCH ON TRADITIONAL FIGURES OF UNEMPLOYMENT AS ON STATISTICS SHOWING THAT FOR THE FIRST TIME SINCE
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1967 THERE HAS BEEN NO INCREASE IN JOBS. THUS IN

1973 THE NUMBER OF EMPLOYEES COVERED BY UNEMPLOYMENT INSURANCE (12,821,099) REPRESENTED A 2.9 PERCENT INCREASE OVER 1972, IN OTHER WORDS THE CREATION OF 376,106 NEW JOBS. THE FIGURE FOR END OF 1974 WAS 12,792,283 REFLECTING A DROP OF 0.2 PERCENT. IT IS GENERALLY ASSUMED THAT IT TAKES A MINIMUM OF 300,000 NEW JOBS A YEAR IN ORDER TO ABSORB NEWCOMERS IN THE LABOR MARKET.

3. ASKED WHETHER HE ATTRIBUTES THE CURRENT ECONOMIC DIFFICULTIES TO DISORGANIZATION OF THE WORLD ECONOMIC SYSTEM AS CLAIMED BY THE LEFT OR TO THE ENERGY CRISIS AS SUGGESTED BY OTHERS, BERGERON SAID WITHOUT HESITATION THAT HE LEANS TOWARDS THE EXPLANATION OF THE LEFT. HE ADDED THAT LASTING SOLUTIONS CAN COME ONLY THROUGH A RECONSTRUCTION OF THE MONETARY SYSTEM AND REDEFINITION OF THE RULES OF INTERNATIONAL TRADE.

4. FO PROPOSED SEVERAL ECONOMIC AND SOCIAL MEASURES TO ACTIVATE THE ECONOMY:

A. STIMULATE PRIVATE INVESTMENT. BERGERON ALLEGED THAT THE FINANCE MINISTRY UNDERMINED THE EFFECT OF THE RECENT GOF MEASURES TO PROVIDE LOANS FOR INVESTMENT PURPOSES. HE WAS PROBABLY REFERRING TO FINANCE MINISTRY'S STRICT APPLICATION OF THE CRITERIA ESTABLISHED FOR THE EXTENSION OF CREDITS. A STAFF MEMBER OF PM'S OFFICE TOLD LABATT THAT GOF HAS BEEN DISAPPOINTED BY PRIVATE EMPLOYERS' LACK OF INTEREST IN REAL INVESTMENT. THEY HAVE INSTEAD APPLIED FOR LOANS TO PAY OUTSTANDING DEBTS WHICH IS NOT WHAT GOF HAD IN MIND.

B. ACTIVATION OF INVESTMENTS FOR PUBLIC WORKS.

C. PROMPT PAYMENT OF GOF AND LOCAL GOVERNMENT DEBTS TO PRIVATE BUSINESS, ESTIMATED AT 7 AND 8 BILLION FRANCS RESPECTIVELY.

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D. STIMULATION OF CONSUMPTION THROUGH SUCH MEASURES AS PAYMENT OF A SPECIAL BEGINNING-OF-THE-YEAR SCHOOL ALLOWANCE, INCREASED AID TO OLD AGED, INCREASE OF MINIMUM WAGE, LIBERALIZATION OF CONSUMERS' CREDIT, TAX CREDITS FOR HOME IMPROVEMENTS, LOWER RETIREMENT AGE, INCOME MAINTENANCE TO REDUCE "MOONLIGHTING" AND REDUCTION OF NORMAL WORKWEEK.

5. COMMENT: THE FOREGOING DOES NOT REPRESENT PUBLIC POSTURING BY A MAN AS EARNEST AND RESERVED AS BERGERON. IN THE COURSE OF 10 JULY MEETING WITH UK, US AND FRG LABOR COUNSELORS BERGERON SOUNDED MORE CONCERNED ABOUT ECONOMIC AND SOCIAL SITUATION THAN HE HAS BEEN AT ANY TIME IN THE LAST THREE YEARS. HE SEES THE ANTICIPATED GROWTH OF UNEMPLOYMENT IN THE MONTHS AHEAD IF GOF DOES NOT TAKE IMMEDIATE ACTION AS A REAL THREAT TO THE STABILITY OF THE LIMITED OFFICIAL USE

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COUNTRY.

6. HE ADDED THAT HE INTENDS TO SPEAK THE SAME LANGUAGE WHEN HE SEES THE PM ON 16 JULY AS PART OF A SERIES OF CONSULTATIONS WITH THE SOCIAL PARTNERS WHICH CHIRAC DECIDED TO HOLD BETWEEN NOW AND END OF JULY.
RUSH

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